



Finance, Revenue, and Bonding Committee, March 1, 2022

Testimony submitted by Alison Weir, Policy Advocate and Attorney

Greater Hartford Legal Aid

**SB 29: Support**

Good afternoon Senator Fonfara, Representative Scanlon, and members of the Finance, Revenue, and Bonding Committee. My name is Alison Weir. I am a Policy Advocate and attorney at Greater Hartford legal Aid, and I am here to testify in support of SB 29, An Act Concerning the Earned Income Tax Credit.

Greater Hartford Legal Aid and the other legal services programs in Connecticut provide free civil legal assistance to low-income residents of Connecticut. An increase in the Earned Income Tax Credit would benefit many of our clients, and provide them necessary addition cash that they can use to improve the lives of their families. As demonstrated by the six months of the Advance Child Tax Credit, additional cash can help families secure basic needs, establish emergency savings, and provide a secure foundation for their families.

The Earned Income Tax Credit is a win-win policy for the state and its residents. It serves a number important purposes in making our tax code fairer, providing low-income working people with cash, and encouraging and rewarding work. It is targeted to those families living on the margins, available to families with incomes less than \$57,414 for joint filers with three children, and up to \$21,430 for single taxpayers with no children. It helps those with incomes well below our state's median income and self-sufficiency standards. It would also benefit the state's economy, as most recipients are more likely to spend the money they receive here in Connecticut. Studies in California have estimated that the credits result in positive local economic impacts of at least twice the amount of EITC dollars received.<sup>i</sup> Studies have also linked the EITC to improved health outcomes, particularly for infants and mothers, with greater benefits tied to increased benefits.<sup>ii</sup> The EITC is tied to increased children's educational performance.<sup>iii</sup> The EITC is targeted to low-income residents and favors families, as income limits and payments take into account how many dependents and how many taxpayers are in a family when calculating phase out income limits and tax credit amounts. As a refundable credit, it benefits families even when the worker does not make enough to pay much in taxes.

Increasing the state's EITC will increase the positive benefits of the EITC and take one step to closing the enormous gap between rich and poor in the state, and as such, we support this bill as something likely to benefit many of our clients. As the Department of Revenue's recent Connecticut Tax Incidence Study

found, workers with low wages pay a disproportionately heavy share of the tax burden.<sup>iv</sup> An increase in the state EITC would help relieve some of that burden. The governor recently recognized how effective an increase in the EITC could be in helping low-income families by increasing the EITC for a one-time only increase to 41.5%. As governmental officials and nonprofit leadership said at the time, the additional money could serve as funds to help pay the rent or pay for childcare.<sup>v</sup> This bill would make this increase permanent. We have a lot of work to do to make Connecticut's tax system fairer, but increasing the EITC would be an important step. I urge the committee and the legislature to pass this legislation.

Thank you for the opportunity to testify.

---

<sup>i</sup> Natalie Holmes and Alan Berube, "The Earned Income Tax Credit and Community Economic Stability," Brookings Blog, Nov. 20, 2015, available at <https://www.brookings.edu/articles/the-earned-income-tax-credit-and-community-economic-stability/>

<sup>ii</sup> Office of the Associate Director for Policy and Strategy, Centers for Disease Control, "Earned Income Credit," CDC website, Feb. 2, 2022, available at <https://www.cdc.gov/policy/hst/hi5/taxcredits/index.html>

<sup>iii</sup> Chuck Marr, Chye-Ching Huang, Arloc Sherman, and Brandon Debot, "EITC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children's Development, Research Finds," Center on Budget and Policy Priorities blog, Oct. 1, 2015, available at <https://www.cbpp.org/research/federal-tax/eitc-and-child-tax-credit-promote-work-reduce-poverty-and-support-childrens>

<sup>iv</sup> Keith Phaneuf, "Study: Overall, CT tax system hits poor, middle class harder," CT Mirror, Feb. 28, 2022, available at <https://ctmirror.org/2022/02/28/study-overall-ct-tax-system-hits-poor-middle-class-harder/>

<sup>v</sup> Marc Fitch, "Gov. Lamont retroactively increases Earned Income Tax Credit. Democrat leaders say legislation may follow," Yankee Institute, Jan. 13, 2022, available at <https://yankeeinstitute.org/2022/01/13/gov-lamont-retroactively-increases-earned-income-tax-credit-democrat-leaders-say-legislation-may-follow/>